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(iii) A brief statement of the intended tax-free use of the fuel (for example, by an airline in the business of transporting persons or property for hire).

(2) The following form of certificate, which must be adhered to in substance, is acceptable for the purposes of this paragraph.

(Date) _____, 19____

The undersigned signifies that he/she, or the

(Name of purchaser if other than undersigned)

of which the undersigned is

(Title)

holds Certificate of Registry No. _____
or has not registered because

(Brief statement of exception from registration relied upon)

delivered into a supply tank of the subject aircraft may be purchased free of tax because the fuel will be used

(Brief statement of tax-free use)

The undersigned understands that if the fuel is used otherwise than as stated above and for a purpose taxable under section 4041 of the Internal Revenue Code, the undersigned will be liable for the tax upon such use, and that the undersigned must be prepared to establish by satisfactory evidence the purpose for which the fuel purchased under this certificate was used.

The undersigned also understands that the fraudulent use of this certificate to secure exemption will subject the undersigned and all others making fraudulent use to a penalty equivalent to the amount of tax due on the sale of the fuel and, upon conviction, to a fine of not more than \$10,000, or to imprisonment for not more than 5 years, or both, together with the costs of prosecution.

(Signature)

(Address)

(3) Except as provided in paragraph (d)(4) of this section, a separate exemption certificate must be furnished for each sale of fuel delivered into a fuel supply tank of an aircraft. If a portion of the fuel is intended to be used for a nontaxable purpose, the entire amount of the fuel may be sold tax free. Exemption certificates and proper sup-

porting records such as invoices, orders, etc., relative to tax-free sales must be readily accessible for inspection by internal revenue officers and retained as provided in section 6001 of the Code and the regulations thereunder.

(4) If the purchaser of fuel to be used in an aircraft has reasonable grounds to believe that 90 percent or more of the total of the fuel to be purchased by it during a specified period not to exceed 12 calendar quarters will be used in a tax-free use, it may furnish each of its suppliers an exemption certificate covering all purchases for the specified period. The certificate shall be substantially in the same form as the certificate in paragraph (d)(2) of this section, except that in place of the date the purchaser shall specify the period covered by the certificate, and the purchaser shall give a brief explanation of its grounds for belief that 90 percent or more of its total fuel will be used in a tax-free use.

(5) The presumption under section 4041(i) that any liquid delivered into a fuel supply tank of an aircraft is taxable places the duty on the seller of the liquid fuel to use reasonable diligence to satisfy itself that a tax-free sale of fuel to the purchaser is allowed by law. In the absence of circumstances surrounding a sale that would raise a question as to whether a tax-free sale is allowable, the requirement of reasonable diligence is satisfied if the seller receives and retains the required certificate evidencing the right of the purchaser to buy the fuel tax free. However, if the circumstances are such as to indicate the seller has failed to use reasonable diligence, it is not relieved of liability for the tax imposed by section 4041(c). In addition, if the seller fails to obtain and retain the evidence of tax-free sales as required by this paragraph (d), it is not relieved of liability for the tax imposed by section 4041(c).

[T.D. 8066, 51 FR 19, Jan. 2, 1986]

§ 48.4041-12 Sales by United States, etc.

The taxes imposed by section 4041 apply to the sale at retail of taxable liquid fuels by the United States or by any agency or instrumentality of the

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United States, unless by statute specifically exempted from these taxes. However, the exemptions from these taxes provided by section 4041 (f), (g), and (h) and the regulations thereunder contained in this subpart F are available to the extent therein provided.

[T.D. 8066, 51 FR 20, Jan. 2, 1986]

§ 48.4041-13 Other credits or refunds.

(a) *In general.* For provisions relating to credit or refund of tax paid on taxable liquid fuel resold by the purchaser, or used otherwise than for the purpose for which purchased, see section 6427 and the regulations thereunder contained in Subpart O of this part.

(b) *Tax-paid liquid fuel used by local transit systems.* For provisions relating to credit or refund in the case of taxable liquid fuel used in vehicles while engaged in furnishing scheduled common carrier public passenger land transportation service along regular routes, see section 6427(b) and the regulations thereunder contained in Subpart O of this part.

(c) *Credit or refund of diesel fuel differential amount.* For provisions relating to an income tax credit or refund of the increased diesel fuel tax for original purchasers of diesel-powered automobiles and light trucks, see section 6427(g) and the regulations thereunder contained in Subpart O of this part.

[T.D. 8066, 51 FR 20, Jan. 2, 1986]

§ 48.4041-14 Exemption for sale to or use by certain aircraft museums.

(a) *In general.* (1) The tax imposed by section 4041 does not apply to liquids which are sold for use or used by an aircraft museum in an aircraft or vehicle owned by such museum and used exclusively for the procurement, care, and exhibition of aircraft of the type used for combat or transport in World War II.

(2) In the case of liquid sold for use in an aircraft owned by an aircraft museum and to be used for the purposes described in paragraph (a)(1) of this section, a tax-free sale may be made only if the requirements of § 48.4041-11 are met.

(b) *Cross reference.* For the definition of aircraft museum, see section 4041(h)(2).

[T.D. 8066, 51 FR 20, Jan. 2, 1986]

§ 48.4041-15 Sales to States or political subdivisions thereof.

(a) *Application of exemption.* The taxes imposed by section 4041 do not apply in the case of a sale of any liquid by any person for the exclusive use of any State or any political subdivision thereof, the District of Columbia, or in the case of the use of any liquid by any State or any political subdivision thereof, or the District of Columbia, as a fuel in a motor vehicle, motorboat, or aircraft.

(b) *Evidence required to establish exemption.* Any vendor claiming exemption under this section shall be prepared to produce evidence that will establish the right to exemption from the tax imposed by section 4041. Generally, orders or contracts of a State or a political subdivision thereof, or the District of Columbia, when signed by an authorized officer thereof will be accepted in support of the exemption. However, in the absence of such orders or contracts, a certificate signed by such an authorized officer that the liquid sold was purchased for the exclusive use of a State or political subdivision thereof, or the District of Columbia, will be acceptable. The certificate shall be in substantially the following form:

EXEMPTION CERTIFICATE

(For use by States and local governments. (section 4041(g)(2) of the Internal Revenue Code).)

Date _____, 19____.

I hereby certify that I am _____ of _____ (State or local government) that I am authorized to execute this certificate; and that

(Check applicable type of certificate)

_____ the liquid or liquids specified in the accompanying order, or on the reverse side hereof, (or)

_____ all orders placed by the purchaser for the period commencing _____ (Date) and ending _____ (Date) (period not to exceed 12 calendar quarters) are, or will be, purchased from _____ (Name of vendor) for the exclusive use of _____ (Governmental